

In the Matter of	)	No. G 02-13
	)	
The Financial Examination of	)	FINDINGS, CONCLUSIONS,
<b>CASCADE NATIONAL INSURANCE</b>	)	AND ORDER ADOPTING REPORT
<b>COMPANY</b>	)	OF
		FINANCIAL EXAMINATION

A Domestic Insurer. \_\_\_\_\_

### BACKGROUND

An examination of the financial condition of **CASCADE NATIONAL INSURANCE COMPANY** (the Company) as of December 31, 1999, was conducted by examiners of the Washington Office of the Insurance Commissioner (OIC). The Company holds a Washington certificate of authority as a stock insurer. This examination was conducted in compliance with the laws and regulations of the state of Washington and in accordance with the procedures promulgated by the National Association of Insurance Commissioners and the OIC.

The examination report with the findings, instructions, and comments and recommendations was transmitted to the Company for its comments on February 28, 2002. The Company's response to the report is attached to this order only for the purpose of providing convenient review of the response.

The Commissioner or a designee has considered the report, the relevant portions of the examiners work papers, and submissions by the Company.

Subject to the right of the Company to demand a hearing pursuant to Chapters 48.04 and 34.05 RCW, the Commissioner adopts the following findings, conclusions, and order.

### FINDINGS

Findings in Examination Report. The Commissioner adopts as findings the findings of the examiners as contained in pages 1 through 20 of the report.

## CONCLUSIONS

It is appropriate and in accordance with law to adopt the attached examination report as the final report of the financial examination of **CASCADE NATIONAL INSURANCE COMPANY** and to order the Company to take the actions described in the Instructions and Comments and Recommendations sections of the report. The Commissioner acknowledges that the Company may have implemented the Instructions and Recommendations prior to the date of this order. The Instructions and Recommendations in the report are an appropriate response to the matters found in the examination.

## ORDER

The examination report as filed, attached hereto as Exhibit A, and incorporated by reference, is hereby ADOPTED as the final examination report.

The Company is ordered as follows, this being the Instructions and Comments and Recommendations contained in the examination report on pages 2 and 3.

1. The Company is ordered to comply with RCW 48.05.280 and keep full and adequate accounts and records of its assets, obligations, transactions, and affairs. Instruction 1, Examination Report, page 2.
2. The Company is ordered to comply with RCW 48.94.015 and obtain written authorization specifying the responsibilities of each party to the reinsurance transaction. Instruction 2, Examination Report, page 2.
3. The Company is ordered to comply with RCW 48.03.010 that requires adherence to the appropriate Annual Statement Instructions and the Accounting Practices, and Procedures Manuals promulgated by the NAIC for the completion of the annual statement. Instruction 3, Examination Report, page 2.
4. The Company is ordered to comply with RCW 48.05.310(3) and require its general agents to not allow producing agents who are licensed, but not appointed to bind an insurance risk. Instruction 4, Examination Report, page 2.
5. The Company is ordered to include Kenneth I. Tobey and Allied Pacific Adjusting Group in future Holding Company filings. Comments and Recommendations 1, Examination Report, page 3.

- 6, The Company is ordered to remove the word "Managing" from the title of the general agency agreements. Comments and Recommendations 2, Examination Report, page 3.
7. The Company is ordered to, as cost effectively as possible, seek reimbursement on those claims paid on policies that were not in-force on the day of loss. Comments and Recommendations 3, Examination Report, page 3.

IT IS FURTHER ORDERED THAT, the Company file with the Chief Examiner, within 90 days of the date of this order, a detailed report specifying how the Company has addressed each of the requirements of this order.

ENTERED at Tumwater, Washington, this 4<sup>th</sup> day of April, 2002.

MIKE KREIDLER  
Insurance Commissioner